



# THE LENDER'S ADVANTAGE

**LENDER UPDATE** *A Joint Publication of the Des Moines District Office and the Cedar Rapids Branch Office*

March 10, 2010



## SBA Procedural Notice

**TO:** All Employees

**CONTROL NO.:** 5000-1144

**SUBJECT:** Limitation on Additional Funding for  
Fee Relief and Higher Guaranty  
Loans

**EFFECTIVE:** 3/10/2010

SBA Information Notice No. 5000-1143 issued March 5, 2010 announced that the Temporary Extension Act of 2010 (P.L. 111-144, March 2, 2010) provides an additional \$60 million to support new 7(a) and 504 loans under Sections 501 and 502 of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act").

The complete text of SBA Information Notice No. 5000-1143 may be found at [http://www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK\\_FY\\_10\\_NOTICES.html](http://www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK_FY_10_NOTICES.html).

The purpose of this additional notice is to inform lenders and CDCs that the \$60 million provided in the Temporary Extension Act of 2010 may only be used until March 28, 2010, or an earlier date if the funds are exhausted before then. The statutory language states that the \$60,000,000 appropriated for fee relief and the higher guaranty will "remain available through March 28, 2010."

Thus, if a 7(a) or 504 loan with fee relief or the higher guaranty is approved by SBA (as evidenced by the issuance of an SBA loan number) between March 2, 2010 and March 28, 2010, any increase to that loan must be approved by SBA before the \$60 million is exhausted (but, in no event, later than March 28, 2010). After March 28, 2010, if the borrower requires an increase in the loan amount, the requested increase will have to be submitted as a new loan application. (If approved, this new loan will require a separate authorization and closing documents.)

Lenders and CDCs should carefully review their borrowers' applications prior to submitting them to SBA between March 2, 2010, and March 28, 2010, to identify and include in their consideration any possible contingencies that would require additional funds. A lender or CDC may subsequently cancel any undisbursed amount.

SBA Field Offices will advise 7(a) lenders and CDCs of this Notice. Questions concerning this Notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at [www.sba.gov/localresources](http://www.sba.gov/localresources).

***For questions regarding the transition of the Recovery Act Initiatives, contact the SBA in Des Moines at (515) 284-4422 or in Cedar Rapids at (319) 362-6405.***